



PHILIP MORRIS U.S.A.

Inter Office Correspondence

TO: Distribution

DATE: January 11, 1996

FROM: Robert Gotti

SUBJECT: Parliament Direct Conference Call

This memo is intended to serve as a discussion guide for the conference call to be held tomorrow, January 11th. For clarity's sake I have chosen to break this document down by project.

Before getting into the specific issues to be covered in the call, I'd like to step back and remind ourselves of the broad objectives of Parliament's direct mail campaign. We have a very bi-polar brand franchise in terms of consumer demographics and the offensive/defensive creative for these mailings is designed accordingly.

Defensive - objective is to retain and reward our loyal Parliament 100's consumers by delivering coupons and offering continuity items with relevance to this group's demographic profile. Generally, this group is made up of older, white females who have enjoyed the story of Claire & Phillip over the past two years.

Offensive - objective is to incent trial by young adult competitive smokers of both sexes. This age group tends to redeem less and therefore coupon values tend to be higher and continuity UPC requirements tend to be lower in an effort to gain trial and/or incremental sales. However, continuity items must have a high perceived quality value and be relevant to the demographic group.

Listed below are the first three Parliament direct mail programs along with the outstanding decisions/actions/next steps that need to be taken. The objective of this call is to bring these issues to closure or gain consensus on next steps toward bringing closure to anything remaining open coming out of the call.

Defensive #1 - "Tales from Pleasure Island"

This mailing is a defensive coupon mailing only.

Key Dates

Scheduled Drop Date - March 11th
Print Production Date - January 29th
Tape to Lettershop - February 23rd

Open Issues

- Audience Selection & Modeling:** We have gone back and forth on many issues of which groups to include or exclude from this mailing. Consensus from the last meeting was that we would score the entire Parliament consumer database and cross tab them based on the definitions we have been using of

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responsive and non-responsive. Jeff Slagle and Tom Claggett will utilize an existing coupon model to score these groups. For the purposes of mailing #1, we will not be modeling the Parliament consumer universe on continuity response. We will only utilize the coupon responsiveness model.

Additionally, to clarify the January 5th conference report we will be including the following groups in the modeling, but not necessarily mailing them. We will allow the model to help determine which groups to mail. The groups are as follows:

- Mailed '94 #3 and responded to a '95 program (50,544)
- Mailed '94 #3 and responded to a '94 program (7,108)
- "New" Parliament smokers (93,917) *no concern in putting them through model.*
- Competitive responders to '95 offensive mailings (30,000)
- Mailed '94 #3 but not responsive (79,545)
- Parliament continuity responders not listed as Parliament smokers TBD
- Responders to QUE or other Corp. Survey who reidentify themselves as Parliament consumers TBD
- Competitive Responders to Party Zone Rapid Response Mailings
- Competitive responders to Parliament promotions @ 10%.

From this information, which we agreed was needed completed by January 25th, we will derive print quantities of the various versioning that will be part of this mailing. Print production, as highlighted above, is scheduled to take place on January 29th.

- Tom Leung needs to produce testing matrix.*
- 2) Coupon values: Another much debated topic was whether or not to offer multiple coupons within a mailing or to just vary a single coupon's value throughout the various cells. Much of this issue centered around the value and cost effectiveness of using the second coupon. There was also a question raised as to the ability to conduct an accurate test within these cells based upon the testing matrix contained in the January 5th presentation from Draft.

It was agreed upon at that time that Draft would develop a new test matrix specifically for Defensive Mailing #1. We will decide on today's call what the proper testing methodology will be and what the coupon values will be.

Parliament Defensive Direct #2

This mailing contains both **coupons and a continuity offer**. We will be offering a wheeled luggage bag as the high end item with an accompanying travel alarm clock as the low end item.

Key Dates

Scheduled Drop Date - May 10th
Print Production Date - March 29th
Tape to Lettershop - April 23rd

Open Issues

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1. Audience Selection & Modeling: With mailing #2, we decided to go with Draft Direct's recommendation of using 4 different versions of the offer with coupons and bonus UPCs available to different cells.

Versioning was to be based upon both coupon responsiveness and continuity responsiveness. For the latter a new continuity model will have to be built. The entire database would then be scored for continuity responsiveness and audience selection made accordingly based upon the results the model yielded.

This information must be ready by March 25th so that print quantities for the different versions can be determined. This date needs to be validated as reasonable by Jeff Slagle and Tom Claggett. If this is not a reasonable timeframe then an alternative plan must be proposed.

② Coupon and Bonus UPC certificate values: At our last meeting it was also agreed upon that a test matrix would be developed specifically for this mailing to determine which cells would be offered coupons only, coupons plus bonus UPCs, or potentially a higher value coupon plus bonus UPCs.

[Any bonus UPC certificate offered would be the same in value across all cells so as not to interfere with any coupon value testing that will take place.] *10 UPC's*
30-40 UPC's

Coupon values, the number of coupons to be offered, and the value of the UPC bonus certificate will be decided during the call.

Offensive Direct #1

This mailing contains both **coupons and a continuity offer**. We will be offering a non-gender specific item with appeal to young, adult smokers in approximately the 30-40 UPC range for redemption.

Key Dates

Scheduled Drop Date - June 11th
Print Production Date - April 29th
Tape to Lettershop - May 23rd

Open Issues

1. Audience Selection & Modeling: We never did get to this part of the Draft presentation in our last meeting. At one point, we had considered building a model for offensive mailings. Draft's January 5th presentation recommends postponing such an action. We need to gain consensus on the utility and necessity of this. If we decide it should be done, Jeff and Tom need to provide a timeline as to when this can be accomplished.

To clarify, this mailing is designed as an offensive measure for smokers of brands competitive with Parliament Lights (Blue only; not Menthol).

2. Coupon Values - While there was some discussion on the need for the model, I believe everyone was comfortable with Larry's recommendation of maintaining the coupon values at \$1.00/pack; \$1.50/2 packs; and \$2.00/3 packs; with \$1.50/2 packs as the control.

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If there are any other questions regarding testing they should be raised on the call.

I believe this to be comprehensive review of issues discussed at our last two planning meeting and of decisions/actions that need to be made/taken. If I have overlooked any issues you would like addressed please do bring them to the groups attention. Thank you and I look forward to moving these projects ahead and working with each of you over the next several months to make this campaign a success.

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